

**REPORT OF THE AUDIT OF THE  
LESLIE COUNTY  
SHERIFF'S SETTLEMENT - 2004 TAXES**

**September 30, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
LESLIE COUNTY  
SHERIFF'S SETTLEMENT - 2004 TAXES**

**September 30, 2005**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2004 Taxes for Leslie County Sheriff as of September 30, 2005. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$3,307,304 for the districts for 2004 taxes, retaining commissions of \$137,743 to operate the Sheriff's office. The Sheriff distributed taxes of \$3,155,439 to the districts for 2004 Taxes. Taxes of \$13,289 are due to the districts from the Sheriff and refunds of \$34 are due to the Sheriff from the taxing districts.

**Report Comments:**

- The Sheriff Should Distribute Additional Amounts Due To Others
- The Sheriff Should Collect All Prior Year Tax Amounts Due From Districts And Pay Amounts Due To Districts
- The Sheriff Should Prepare An Accurate Tax Settlement
- The Sheriff Should Prepare Accurate Tax Reports and Distribute Taxes Timely
- The Sheriff Should Make Daily Deposits
- The Sheriff Should Distribute Interest Earned On Tax Collections Monthly
- The Sheriff's Office Lacks Adequate Segregation Of Duties
- The Sheriff Should Improve Internal Controls Over Tax Disbursements

**Deposits:**

The Sheriff's deposits were not adequately insured and collateralized by bank securities or bonds.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

John R. Farris, Secretary

Finance and Administration Cabinet

Honorable Jimmy Sizemore, Leslie County Judge/Executive

Honorable John C. Morgan, Leslie County Sheriff

Members of the Leslie County Fiscal Court

Independent Auditor's Report

We have audited the Leslie County Sheriff's Settlement - 2004 Taxes as of September 30, 2005. This tax settlement is the responsibility of the Leslie County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Leslie County Sheriff's taxes charged, credited, and paid as of September 30, 2005, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2006, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
John R. Farris, Secretary  
Finance and Administration Cabinet  
Honorable Jimmy Sizemore, Leslie County Judge/Executive  
Honorable John C. Morgan, Leslie County Sheriff  
Members of the Leslie County Fiscal Court

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comment

- The Sheriff Should Distribute Additional Amounts Due To Others
- The Sheriff Should Collect All Prior Year Tax Amounts Due From Districts And Pay Amounts Due To Districts
- The Sheriff Should Prepare An Accurate Tax Settlement
- The Sheriff Should Prepare Accurate Tax Reports and Distribute Taxes Timely
- The Sheriff Should Make Daily Deposits
- The Sheriff Should Distribute Interest Earned On Tax Collections Monthly
- The Sheriff's Office Lacks Adequate Segregation Of Duties
- The Sheriff Should Improve Internal Controls Over Tax Disbursements

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
September 28, 2006



LESLIE COUNTY  
JOHN C. MORGAN, SHERIFF  
SHERIFF'S SETTLEMENT - 2004 TAXES

September 30, 2005

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 286,176	\$ 381,999	\$ 640,716	\$ 208,272
Tangible Personal Property	71,520	113,549	177,917	201,336
Intangible Personal Property				11,977
Fire Protection	3,623			
Increases Through Exonerations	2	3	5	2
Franchise Corporation	59,192	91,930	146,136	
Additional Billings	4,189	4,812	8,616	2,915
Additional Billings - Prior Year	99	104	221	83
Unmined Coal - 2004 Taxes	134,916	175,765	302,062	98,189
Omitted Unmined Coal - 2004 Taxes	5,443	7,092	12,187	3,962
New Gas Property Taxes	836	1,089	1,871	608
Gas Property Taxes	52,607	68,535	117,780	38,286
Oil Property Taxes	21,836	28,447	48,888	15,892
Penalties	5,701	7,587	12,727	4,800
Adjusted to Sheriff's Receipt	1,086	(916)	(1,434)	(104)
Gross Chargeable to Sheriff	647,226	879,996	1,467,692	586,218
<u>Credits</u>				
Exonerations	6,307	8,215	14,120	4,590
Discounts	8,000	10,773	18,021	8,305
Delinquents:				
Real Estate	30,603	39,786	67,952	22,088
Tangible Personal Property	2,903	4,609	7,221	7,934
Intangible Personal Property				4,313
Current Year Additional Taxes	154	194	343	114
Prior Year Additional Taxes	29	37	65	22
Unmined Coal - 2004 Taxes	964	1,255	2,158	702
Omitted Unmined Coal - 2004 Taxes	389	507	872	283
Total Credits	49,349	65,376	110,752	48,351
Taxes Collected	597,877	814,620	1,356,940	537,867
Less: Commissions *	25,697	34,621	54,278	23,147
Taxes Due	572,180	779,999	1,302,662	514,720
Taxes Paid	569,167	775,587	1,296,052	514,633
Refunds (Current and Prior Year)	169	207	370	121
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	\$ 2,844	** \$ 4,205	\$ 6,240	\$ (34)

\* and \*\* See Next Page

The accompanying notes are an integral part of this financial statement.

LESLIE COUNTY  
 JOHN C. MORGAN, SHERIFF  
 SHERIFF'S SETTLEMENT - 2004 TAXES  
 September 30, 2005  
 (Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	1,940,363
4% on	\$	1,356,941

\*\* Special Taxing Districts:

Library District	\$	2,063
Health District		1,122
Soil Conservation District		6
Extension District		958
City of Hyden District		<u>56</u>
Due Districts	\$	<u><u>4,205</u></u>

LESLIE COUNTY  
NOTES TO FINANCIAL STATEMENT

September 30, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The Sheriff entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of February 3, 2005, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$1,189,742 of public funds uninsured and unsecured.

LESLIE COUNTY  
NOTES TO FINANCIAL STATEMENT  
September 30, 2005  
(Continued)

Note 2. Deposits (Continued)

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of February 3, 2005.

	<u>Bank Balance</u>
FDIC insured	\$ 100,000
Collateralized with securities held by pledging depository institution in the county official's name	590,814
Uncollateralized and uninsured	<u>1,189,742</u>
Total	<u><u>\$ 1,880,556</u></u>

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2004. Property taxes were billed to finance governmental services for the year ended June 30, 2004. Liens are effective when the tax bills become delinquent. The collection period for these assessments was December 30, 2004 through July 20, 2005.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2005. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 7, 2005 through September 30, 2005.

Note 4. Interest Income

The Leslie County Sheriff earned \$1,235 as interest income on 2004 taxes. As of September 30, 2005, the Sheriff owed \$487 in interest to the school district. The Sheriff had previously transferred \$108 in interest to his fee account, resulting in a remaining balance of \$640 due his fee account as of September 30, 2005.

Note 5. Sheriff's 10% Add-On Fee

The Leslie County Sheriff collected \$24,091 of 10% add-on fees allowed by KRS 134.430(3). This amount is to be used to operate the Sheriff's office. As of September 30, 2005, the Sheriff owed \$6,316 in 10% add-on fees to his fee account.

LESLIE COUNTY  
NOTES TO FINANCIAL STATEMENT  
September 30, 2005  
(Continued)

Note 6. Advertising Costs And Fees

The Leslie County Sheriff collected \$2,268 of advertising costs and \$3,208 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees are to be used to operate the Sheriff's office. As of September 30, 2005, the Sheriff owed \$2,268 in advertising costs to the county and \$2,983 in advertising fees to his fee account.

Note 7. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

The Sheriff should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After three years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 2002 and 2003 taxes, the Sheriff had \$5,708 in unrefundable duplicate payments and unexplained receipts. Therefore, the Sheriff should send a written report to the Treasury Department.

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## COMMENTS AND RECOMMENDATIONS





LESLIE COUNTY  
JOHN C. MORGAN, SHERIFF  
COMMENTS AND RECOMMENDATIONS

As of September 30, 2005

STATE LAWS AND REGULATIONS:

The Sheriff Should Distribute Additional Amounts Due To Others

Based upon test procedures, our audit reflects the following amounts due others for the 2004 taxes:

<u>District</u>	<u>Unpaid Liability</u>
Leslie County Treasurer	\$ 2,844
Leslie County School Board	6,240
Library	2,063
Health	1,122
Soil	6
Extension	958
Hyden	56
Fee Account - Tax Commissions	1,414
Fee Account - Add On Fees	6,316
Interest Due School	487
Interest Due Sheriff's Fee Account	640
Ad Fees Due Sheriff's Fee Account	2,983
Advertising Costs Due County	2,268
Total Liabilities	<u>\$ 27,397</u>

We recommend that the sheriff settle prior year uncollected receivables and unpaid liabilities.

*Sheriff's Response: We agree and will comply within a timely manner.*

The Sheriff Should Collect All Prior Year Tax Amounts Due From Districts And Pay Amounts Due To Districts

In prior year audit reports for the 2002 and 2003 taxes, the auditors' report recommended that the Sheriff collect several receivables and pay several liabilities. In an effort to settle these uncollected receivables and unpaid liabilities, the sheriff netted the 2002 and 2003 tax uncollected receivables and unpaid liabilities and was able to pay some liabilities. However, the sheriff will need to collect and deposit the remaining net receivables so the remaining outstanding liabilities can be paid. The proper distribution of tax money collected by former Sheriff requires the collection of receivables (including overpayment to some taxing districts) and the payment of these funds to the appropriate taxing districts. Therefore, the following net receivables and net payables should be made:

LESLIE COUNTY  
 JOHN C. MORGAN, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 (CONTINUED)  
 As of September 30, 2005

STATE LAWS AND REGULATIONS: (CONTINUED)

The Sheriff Should Collect All Prior Year Tax Amounts Due From Districts And Pay Amounts Due To Districts (Continued)

<u>Refunds Due To Tax Account</u>		<u>Amounts To Be Paid To Others From Tax Account</u>	
<u>District</u>	<u>Amount</u>	<u>District</u>	<u>Amount</u>
State	\$ 2,032	Fee Account - Add On Fees	\$ 17,608
School	453	Fee Account - Repayment for State Taxes	3,482
Library	2,534	Fiscal Court - Advertising Costs	6,577
Health	490		
Extension	1,174	Total	\$ 27,667
Fee Account	646		
Total	\$ 7,329		

We recommend that the Sheriff settle prior year uncollected receivables and unpaid liabilities.

*Sheriff's Response: We agree and will comply within a timely manner.*

The Sheriff Should Prepare An Accurate Annual Settlement With County

While the Sheriff submitted his annual tax settlement to the fiscal court for 2004 taxes as required by KRS 134.310, the settlement was inaccurate since it did not include franchise tax collections; several accounts were misstated and the settlement contained mathematical errors. We remind the Sheriff that KRS 134.310 states the settlement shall show the amount of county and district taxes collected and an itemized statement of the money disbursed. In the future, we recommend franchise tax collections and disbursements be included on the annual tax settlement, all accounts be correctly stated and the settlement be mathematically correct.

*Sheriff's Response: We will comply in the future.*

The Sheriff Should Prepare Accurate Tax Reports And Distribute Taxes Timely

The Sheriff did not prepare accurate monthly reports and did not distribute taxes timely for 2004 tax collections. There were instances where the sheriff did not distribute money due taxing districts by the tenth of each month. In addition, we noted in testing discounts on the monthly tax reports, that discounts were allowed after the discount period had ended. We also noted in testing penalties, that a five percent rather than a twenty-one percent penalty was charged to the taxpayer. However, we were unable to determine from the deposit slips or monthly reports if this was a result of post marked mail. Any discounts or penalties that are adjusted as a result of post-marked mail should be properly supported. KRS 134.300 requires monthly tax reports to be accurate and payments be made by the tenth of each month following the collection of taxes. In an effort to strengthen internal controls over tax reporting, we recommend that the Sheriff prepare a separate daily checkout sheet and deposit slip for any discounts allowed or five percent penalties rather than twenty-one percent penalties charged as a result of post marked mail. Furthermore, we recommend that the sheriff distribute taxes by the tenth of each month as required by KRS 134.300.

LESLIE COUNTY  
JOHN C. MORGAN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
(CONTINUED)  
As of September 30, 2005

STATE LAWS AND REGULATIONS: (CONTINUED)

The Sheriff Should Prepare Accurate Tax Reports And Distribute Taxes Timely (Continued)

*Sheriff's Response: We agree and will comply.*

The Sheriff Should Make Daily Deposits

The Sheriff did not deposit tax receipts daily. During our test of receipts, it came to our attention that some of the deposits were not made on a daily basis. The State Local Finance Officer, under the authority of KRS 68.210, has established minimum accounting requirements which include depositing receipts intact on a daily basis and reconciling receipts to a daily check out sheet. We recommend that the Sheriff deposit receipts daily as required by the State Local Finance Officer.

*Sheriff's Response: We agree and will comply.*

The Sheriff Should Distribute Interest Earned On Tax Collections Monthly

KRS 134.140(3)(b) requires the Sheriff to pay monthly "that part of his investment earnings for the month which is attributable to the investment of school taxes." The Sheriff should distribute the investment earnings at the same time as the monthly tax collections. KRS 134.140(3)(d) requires the remaining monthly interest to be transferred to the Sheriff's fee account. During 2004 tax collections, the Sheriff earned interest of \$1,235 on his tax accounts. However, the Sheriff did not pay the interest to the Board of Education or the fee account on a monthly basis. As of September 30, 2005, the Sheriff owed \$487 in interest to the Leslie County Board of Education. The Sheriff had previously transferred \$108 in interest to his fee account, resulting in a remaining balance of \$640 due his fee account as of September 30, 2005. We recommend the Sheriff comply with KRS 134.140(3)(b) and (d) by paying the amount of interest due to the school and fee account on a monthly basis.

*Sheriff's Response: To date a new system has been put in place and corrected.*

INTERNAL CONTROL - MATERIAL WEAKNESSES:

The Sheriff's Office Lacks Adequate Segregation Of Duties

The Sheriff's office has a lack of segregation of duties. Due to the entity's diversity of official operations, small size and budget restrictions, the official has limited options for establishing adequate segregation of duties. We recommend that the following compensating controls be implemented to offset this internal control weakness.

- The Sheriff should periodically compare a daily bank deposit to the daily checkout sheet and then compare the daily checkout sheet to the receipts ledger. Any differences should be reconciled. He could document this by initialing the bank deposit, daily checkout sheet, and receipts ledger.

LESLIE COUNTY  
JOHN C. MORGAN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
(CONTINUED)  
As of September 30, 2005

INTERNAL CONTROL - MATERIAL WEAKNESSES: (CONTINUED)

The Sheriff's Office Lacks Adequate Segregation Of Duties

- The Sheriff should compare the monthly tax reports to the receipts and disbursements ledgers for accuracy. Any differences should be reconciled. The Sheriff could document this by initialing the monthly tax reports.
- The Sheriff should periodically compare the bank reconciliation to the balance in the checkbook. Any differences should be reconciled. The Sheriff could document this by initialing the bank reconciliation and the balance in the checkbook.

*Sheriff's Response: I, Sheriff Morgan, will comply.*

The Sheriff Should Improve Internal Controls Over Tax Disbursements

The Sheriff used counter checks to remit tax collections to taxing districts. The counter checks were not pre-numbered and there were no procedures in place to adequately account for counter checks issued from the official tax account. In addition, we noted several instances where the bookkeeper signed the sheriff's name along with her initials on checks. In order to adequately control and account for checks issued from an official tax account, all checks should be pre-numbered and should contain the original signature of the individual signing the check. We recommend the practice of issuing counter checks and the practice of signing the Sheriff's signature on behalf of the Sheriff be stopped in order to improve internal controls over tax disbursements.

*Sheriff's Response: We will comply*

PRIOR YEAR:

- The County Sheriff Should Distribute Additional Amounts Due To Others
- The County Sheriff Should Prepare Accurate And Timely Reports
- The County Sheriff Should Distribute Interest Earned On Tax Collections Monthly
- Lacks Adequate Segregation Of Duties.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Jimmy Sizemore, Leslie County Judge/Executive  
The Honorable John C. Morgan, Leslie County Sheriff  
Members of the Leslie County Fiscal Court

Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Leslie County Sheriff's Settlement - 2004 Taxes as of September 30, 2005, and have issued our report thereon dated July 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Leslie County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- The Sheriff's Office Lacks Adequate Segregation Of Duties
- The Sheriff Should Improve Internal Controls Over Tax Disbursements

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.



Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Leslie County Sheriff's Settlement - 2004 Taxes as of September 30, 2005 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Distribute Additional Amounts Due To Others
- The Sheriff Should Collect All Prior Year Tax Amounts Due From Districts And Pay Amounts Due To Districts
- The Sheriff Should Prepare An Accurate Tax Settlement
- The Sheriff Should Prepare Accurate Tax Reports and Distribute Taxes Timely
- The Sheriff Should Make Daily Deposits
- The Sheriff Should Distribute Interest Earned On Tax Collections Monthly

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
September 28, 2006



